

Message Text

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E.O. 11652: N/A

TAGS: PINT, PGOV, UK

SUBJ: LABOR PARTY CONFERENCE: CALLAGHAN'S BOAT IS
ROCKED

REF: LONDON 15369

SUMMARY: FIRST DAY'S DEBATE OF ECONOMIC ISSUES --

GOVERNMENT ECONOMIC STRATEGY, INCOMES POLICY, INDUSTRIAL
DEMOCRACY, PUBLIC EXPENDITURES, FINANCE AND INVESTMENT,

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AND UNEMPLOYMENT -- MOVED FORWARD SMOOTHLY WITH CONFER-

ENCE DUTIFULLY ENDORSING NATIONAL EXECUTIVE COMMITTEE'S (NEC) MODERATE RECOMMENDATIONS UNTIL FINAL VOTE OF THE DAY. RESTIVE DELEGATES AT THAT POINT APPROVED A RESOLUTION WHICH REJECTED RECENT SPENDING CUTS AND SUPPORTED LOCAL GOVERNMENT BODIES WHICH REFUSE TO GO ALONG WITH THE GOVERNMENT. SOME OBSERVERS THOUGHT THIS ACTION, WHICH PROVED EMBARRASSING TO GOVERNMENT AND COULD CAUSE PROBLEMS WITH LOCAL COUNCILS, WAS RESULT OF TACTICAL ERROR, WHILE OTHERS BELIEVE NEC ALLOWED RESOLUTION TO CARRY RATHER THAN FORCE A DIVISIVE CARD VOTE. STILL OTHERS DOUBTED THAT BIG UNIONS WOULD HAVE SUPPORTED NEC POSITION. ON BALANCE, HOWEVER, CALLAGHAN'S MANAGERS RAN THE OPENING DAY OF CONFERENCE WITH GREAT SKILL. END SUMMARY.

1. THE TONE OF THE FIRST DAY OF CONFERENCE WAS SET BY OPENING SPEECH OF PARTY CHAIRMAN TOM BRADLEY WHO SAID "I HAVE THE DUTY TO WARN THE GOVERNMENT THAT A REDUCTION IN UNEMPLOYMENT IS AN INTEGRAL PART OF THE SOCIAL CONTRACT AND ... THE GOVERNMENT'S DUTY MUST FIRST BE TO THE JOBLESS." WITH CEREMONIES AND PROCEDURAL DETAILS OUT OF THE WAY (REFTEL), CONFERENCE MOVED SMOOTHLY INTO THE BUSINESS OF THE DAY, BRITAIN'S ECONOMY. DEBATE OF THE ECONOMIC ISSUES WAS INTENSE AND OFTEN HIGHLY CRITICAL OF CURRENT GOVERNMENT POLICIES. CONFERENCE ACTIONS ON THE VARIOUS ISSUES ARE DESCRIBED BELOW:

-- "THE NEXT THREE YEARS" - PREPARED BY THE TUC-

THIS PAPER OUTLINES AND SUPPORTS THE GOVERNMENT'S STRATEGY FOR DEALING WITH INFLATION, UNEMPLOYMENT AND THE ATTENDANT ECONOMIC DIFFICULTIES. FOLLOWING AN OFTEN HEATED DEBATE, CONFERENCE ENDORSED IT BY AN OVERWHELMING MAJORITY, THUS GOING FIRMLY ON RECORD AS APPROVING GOVERNMENT POLICIES.

-- INCOMES POLICY - CONFERENCE CONSIDERED TWO COMPOSITE RESOLUTIONS. THE FIRST BACKED "THE TUC/ GOVERNMENT POLICY TO BEAT INFLATION AND CALLS ON ALL SECTIONS OF THE LABOR MOVEMENT TO SUPPORT THE LABOR LIMITED OFFICIAL USE

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GOVERNMENT WITH MAXIMUM UNITY." THE SECOND RECOGNIZED "THE VALUE OF COOPERATION BETWEEN THE TUC AND THE GOVERNMENT," BUT NOTED A DECLINE IN LIVING STANDARDS AND CALLED FOR A 50 POUND PER WEEK MINIMUM WAGE AND INDEX LINKED EARNINGS. THE NEC RECOMMENDED APPROVAL OF THE FORMER AND REJECTION OF THE LATTER, AND THE DELEGATES AGREED OVERWHELMINGLY.

-- INDUSTRIAL DEMOCRACY - AGAIN, TWO COMPOSITE
RESOLUTIONS WERE CONSIDERED, ONE CALLING FOR MAJORITY
WORKERS CONTROL THROUGHOUT INDUSTRY AND THE OTHER CALL-
ING FOR TRIPARTITE CONTROL OF NATIONALIZED INDUSTRY.
THE NEC RECOMMENDED REMISSION OF THE FIRST AND REJECTION
OF THE SECOND; CONFERENCE FOLLOWED SUIT BY A NEAR CON-
SENSUS.

-- LABOR'S PROGRAM 1976 - CONFERENCE NEXT CONSIDERED
THE FIRST TWO CHAPTERS (ECONOMIC STRATEGY AND ECONOMIC
PLANNING) OF THIS STATEMENT OF LONG-RANGE PARTY
OBJECTIVES (IF APPROVED, THIS DOCUMENT WILL BE AN
OFFICIAL DISCUSSION PAPER FOR PARTY POLICY). THE

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ECONOMIC STRATEGY CHAPTER EXPLAINS AND ENDORSES THE GOVERNMENT'S SHORT-TERM ECONOMIC OBJECTIVES - REDUCE INFLATION, STRENGTHEN BRITAIN'S INDUSTRIAL BASE, RESTORE FULL EMPLOYMENT, RESTORE RISING LIVING STANDARDS, AND IMPROVE THE SOCIAL FABRIC. IT WAS ENDORSED WITHOUT VISIBLE DISSENT, FOLLOWING THE NEC RECOMMENDATION.

-- EMPLOYMENT - ONE OF THE TWO MOST CONTENTIOUS
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SUBJECTS ON THE ECONOMIC AGENDA, BOTH COMPOSITE RESOLUTIONS EXPRESSED DEEP CONCERN WITH THE CURRENT "UNACCEPTABLE" LEVEL OF UNEMPLOYMENT AND THEN CALLED FOR CONTROLS ON CAPITAL OUTFLOWS AND GREATER RESOURCES FOR THE NATIONAL ENTERPRISE BOARD (NEB), SELECTIVE IMPORT CONTROLS AND IMPORT DEPOSITS, AND EXTENSION OF PUBLIC OWNERSHIP (UNSPECIFIED). THE OTHER DEMANDED A 35 HOUR WEEK, A PUBLIC WORKS PROGRAM AND NATIONALIZATION OF FIRMS LAYING OFF WORKERS. ONCE AGAIN THE NEC RECOMMENDED ACCEPTANCE OF THE FIRST AND REJECTION OF THE SECOND, AND CONFERENCE COMPLIED WITHOUT SIGNIFICANT DISSENT.

-- FINANCE AND INVESTMENT - A SINGLE COMPOSITE RESOLUTION WAS TABLED. IT CALLED FOR ACTION: ENDING STERLING'S ROLE AS A WORLD CURRENCY, STRENGTHENING THE NEB, ESTABLISHING DISINCENTIVES FOR SPECULATIVE AND PROPERTY INVESTMENT, INCREASING INDUSTRIAL OUTPUT AND IMPOSING SELECTIVE IMPORT CONTROLS, AND ENACTING REDISTRIBUTIVE TAXES, ESPECIALLY ON UNEARNED INCOME. IT WAS ACCEPTED BY THE CONFERENCE, FOLLOWING THE NEC'S ADVICE.

-- PUBLIC EXPENDITURE -- CLEARLY THE MOST SENSITIVE OF THE ISSUES DEBATED, IT TOO WAS THE SUBJECT OF TWO COMPOSITE RESOLUTIONS. THE FIRST REJECTED THOSE PORTIONS OF "THE NEXT THREE YEARS" DEALING WITH PUBLIC EXPENDITURES. THE SECOND, WHICH WAS TO INTERRUPT THE SMOOTH SAILING OF CALLAGHAN'S BOAT ASSERTED CONFERENCE SUPPORT FOR LOCAL COUNCILS WHICH "REFUSED TO IMPLEMENT THE (BUDGET) CUTS" ORDERED BY THE GOVERNMENT, AND CALLED FOR AN ACTIVE LABOR PARTY CAMPAIGN AGAINST THE CUTS. THE NEC RECOMMENDED REJECTION OF THE FORMER AND REMISSION OF THE LATTER. CONFERENCE SUPPORTED THE NEC ON THE FIRST, BUT REFUSED TO REMIT THE SECOND AND THEN VOTED ITS

APPROVAL IN A CLOSE SHOW OF HANDS.

2. PREDICTABLY, MEDIA ATTENTION FOCUSED ON THIS "REBEL-LION", THE OPERATIVE SIGNIFICANCE OF WHICH IN TERMS OF GOVERNMENT OR EVEN LABOR PARTY POLICY, WILL BE NIL. ALTHOUGH LOCAL COUNCILLORS WHO HAVE REFUSED TO IMPLEMENT GOVERNMENT-ORDERED CUTS MAY GAIN SOME SATISFACTION FROM CONFERENCE'S ACTION, WE DO NOT BELIEVE THEIR NUMBERS WILL LIMITED OFFICIAL USE

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INCREASE SIGNIFICANTLY OR THAT TRANSPORT HOUSE WILL UNDERTAKE A CAMPAIGN IN OPPOSITION TO GOVERNMENT POLICY, ESPECIALLY SINCE SUCH ACTION WOULD CONFLICT WITH THE CONFERENCE-APPROVED "THE NEXT THREE YEARS" DOCUMENT AND OTHER RESOLUTIONS.

3. PARTICIPANTS AND OBSERVERS WITH WHOM WE HAVE SPOKEN WERE UNCERTAIN AS TO WHY THE LAST RESOLUTION WAS PASSED WITHOUT A CARD VOTE, SINCE IT WAS OPPOSED BY MANY OF THE MAJOR UNIONS. ONE SOURCE, WHO WAS ON THE ROSTRUM NEAR PARTY CHAIRMAN BRADLEY, SUGGESTED TACTICAL ERROR ON TWO COUNTS: FIRST, NO SPEAKER HAD SPECIFICALLY DEFENDED THE GOVERNMENT POSITION; AND SECOND, THE NEC HAD NOT LAID THE GROUNDWORK FOR A CARD VOTE ON THIS ISSUE, SO THE OPPORTUNITY WAS LOST. OTHERS, INCLUDING DELEGATES AND MPS, SUGGESTED THAT THE NEC (AND GOVERNMENT) DID NOT CONSIDER IT A SERIOUS ENOUGH SETBACK TO RISK A DIVISIVE CARD VOTE WITH CALLAGHAN DUE TO SPEAK TO CONFERENCE THE FOLLOWING MORNING. BY AVOIDING A CARD VOTE, CALLAGHAN WOULD HAVE AN EASIER TIME PAPERING OVER THE TRADITIONAL CRACKS IN LABOR'S FACADE OF UNITY. STILL OTHERS DOUBTED THAT THE NEC COULD BE SURE THE MAJOR UNIONS WOULD GO ON RECORD AGAINST THIS RESOLUTION, AND DID NOT WISH TO RISK IT. EXCEPT FOR ITS POSSIBLE EFFECT ON FOREIGN EXCHANGE MARKETS (PRESS REPORTS INDICATED SEPTEMBER 27 THAT THE POUND DROPPED TWO AND A HALF CENTS BY THE LONDOR MARKET CLOSING, WHICH WAS PRIOR TO THE VOTE ON THE RESOLUTION), IT SEEMS CLEAR THAT THE CONFERENCE ACTION WILL NOT AFFECT GOVERNMENT POLICY.

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